

60 bed state veterans' home developed with a community living design concept that consists of 5 cottages that will house 12 veteran residents each.

Veteran's Homes Budget Discussion

Veterans' services are 4% of the SLTC 2015 biennium budget request. Figure 14 shows the FY 2012 base budget compared to the executive budget request for each veterans' home.

MVH has the largest budget at \$10.8 million in FY 2015. Personal services costs increase about \$600,000 over the base expenditures, due to reinstatement of about \$418,000 annually in overtime, shift differential, and holidays worked, which is removed from base budget expenditures. The balance is due to pay increases granted during the interim and fully funding positions that were vacant during the base year. MVH operating costs increase due to inflationary adjustments.

MVH funding increases are predominantly from cigarette tax funding. Federal VA reimbursements increase about \$100,000 over the base budget in FY 2014 and about \$165,000 in FY 2015.

EMVH costs increase due to anticipated inflation in federal VA per diem reimbursements that are passed through to the contractor.

SMVH costs reflect anticipated start up in FY 2015. The facility capacity is 60 persons, and the executive budget anticipates that SMVH will serve 30 persons in the last half of the fiscal year.

Legislative Audit

During the 2011 legislative session, the House Administration Committee requested an audit of the veterans' homes during the 2011 legislative session due in part to questions raised in the LFD budget analysis concerning the relative cost of MVH compared to EMVH and similar facilities in the Flathead area. The Legislative Audit Division completed a performance audit June 2012 and concluded that:

- The allocation of cigarette taxes between MVH and EMVH provided a greater subsidy to MVH residents and recommended that the legislature review the allocation of cigarette taxes between the two facilities
- DPHHS should implement a cost containment plan at MVH that reduces costs

The audit identified operational changes at MVH that could be considered to achieve cost savings. Those changes are:

- Seeking a reduction in the cost of workers' compensation insurance

Figure 14

Senior and Long Term Care Division - Veterans' Homes FY 2012 Costs, FY 2013 Appropriation and Revenues Compared to 2015 Biennium Budget Request				
Facility/ Cost/Funding	Actual FY 2012	Appropriation FY 2013	Executive Request FY 2014	Executive Request FY 2015
Montana Veterans' Home				
FTE	143.04	143.04	143.04	143.04
Personal Services	\$6,680,849	\$7,048,853	\$7,289,811	\$7,275,215
All Other	<u>3,293,033</u>	<u>3,614,281</u>	<u>3,449,607</u>	<u>3,520,761</u>
Total Cost	9,973,882	10,663,134	10,739,418	10,795,976
General Fund	0	0	0	0
State Special Revenue	6,438,740	7,799,850	7,099,860	7,095,224
Federal Special Revenue	<u>3,535,142</u>	<u>2,863,284</u>	<u>3,639,558</u>	<u>3,700,752</u>
Total Funding	9,973,882	10,663,134	10,739,418	10,795,976
Population*	109	100	106	106
Annual Cost Per Person	\$91,369	\$106,952	\$101,661	\$102,196
Cost Per Day	\$250	\$293	\$279	\$280
Annual Change		17.05%	-4.95%	0.53%
Annual Per Person Reimbursement				
State Special Revenue	58,984	78,233	67,208	67,164
Annual Change		32.63%	-14.09%	-0.07%
Federal Special Revenue	\$32,385	\$28,719	\$34,452	\$35,032
Annual Change		-11.32%	19.96%	1.68%
Eastern Montana Veterans' Home				
FTE	1.20	1.20	1.20	1.20
Personal Services	64,474	67,385	71,230	71,080
All Other	<u>2,356,259</u>	<u>2,575,542</u>	<u>2,424,029</u>	<u>2,458,392</u>
Total Cost	2,420,733	2,642,927	2,495,259	2,529,472
State Special Revenue	269,805	272,975	279,417	278,702
Federal Special Revenue	<u>2,150,928</u>	<u>2,369,952</u>	<u>2,215,842</u>	<u>2,250,770</u>
Total Funding	\$2,420,733	\$2,642,927	\$2,495,259	\$2,529,472
Population*	61	64	61	61
Annual Cost Per Person	\$39,992	\$41,334	\$41,034	\$41,596
Cost Per Day	\$110	\$113	\$112	\$114
Annual Change		3.36%	-0.73%	1.37%
Annual Per Person Reimbursement				
State Special Revenue	4,457	4,269	4,595	4,583
Annual Change		-4.2%	7.6%	-0.3%
Federal Special Revenue	35,535	37,065	36,439	37,013
Annual Change	n/a	4.31%	-1.69%	1.58%
Southwest Montana Veterans' Home				
FTE			1.00	1.00
Personal Services			54,978	54,864
All Other			<u>3,206</u>	<u>1,265,454</u>
Total Cost			58,184	1,320,318
State Special Revenue			58,184	206,703
Federal Special Revenue			0	<u>1,113,615</u>
Total Funding			58,184	1,320,318
Population**				30
Annual Cost Per Person			n/a	\$44,011
Cost Per Day			n/a	\$121
Annual Per Person Reimbursement				
State Special Revenue				6,890
Federal Special Revenue				37,121

*The FY 2013 population is based on DPHHS estimates as of December 6, 2012 and the appropriation amounts are those included in HB 2.

**The licensed capacity of SMVH is 60 persons. The 2015 biennium budget anticipates that the facility will commence operations mid way through FY 2015.

